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Agricultural Trade Highlights

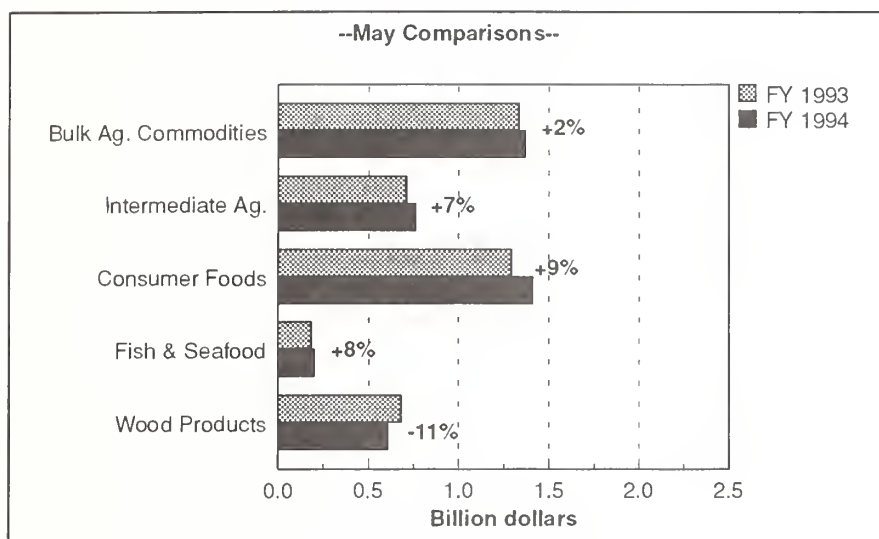


Circular Series

ATH 7 94
 July 1994

May Exports Rise 3 Percent

Sales Led By Cotton and Consumer Foods



May trade statistics released on July 19 by the Commerce Department placed the value of U.S. *agricultural, fish, and forest product* exports at \$4.4 billion, up 3 percent compared to May 1993. Agricultural exports alone totaled \$3.6 billion, up 6 percent from May 1993 as exports of bulk, intermediate, and consumer-oriented categories all registered gains. However, in a rare development, monthly exports of consumer food products exceeded those of bulk commodities. Fish and forest product exports totaled \$815 million, down 7 percent from May 1993.

Agricultural, fish and forest product exports totaled \$36 billion for the first 8 months of fiscal 1994, 1 percent below the same period last year. So far this year, consumer food exports are supporting the rest of the export picture, with shipments up 9 percent. Bulk agricultural commodities and forest products are down the most, falling 7-8 percent while intermediate products and fish and seafood are roughly unchanged.

At \$1.4 billion in May, U.S. exports of *bulk commodities* were up 2 percent from May 1993. This is primarily due to a 126-percent surge in cotton shipments (up \$159 million), largely due to sharply higher sales to China to make up for that country's domestic shortfalls. Double-digit increases were also registered in rice and tobacco, which along with cotton, more than offset losses in wheat, coarse grains, and soybeans. For the first 8 months of fiscal 1994, bulk commodity shipments have reached \$13 billion, an 8-percent drop from 1993's level.

At \$765 million in May, U.S. exports of *intermediate products* were 7 percent ahead of May 1993 levels. Shipments increased in all categories, except wheat flour, soybean meal, and planting seeds. Double-digit increases were registered in exports of vegetable oils (other than soybean oil), animal fats, and sugars and sweeteners. Intermediate product exports totaled \$6.4 billion for the first 8 months of fiscal 1994, up 1 percent from 1993's level.

U.S. exports of *consumer-oriented high value products* continue at a record-setting pace reaching \$1.4 billion in May, a 9-percent increase over May 1993. Exports increased in all categories, except chilled and frozen red meats, dairy products, fresh vegetables, and nursery products. Double-digit increases were registered in exports of snack foods, breakfast foods, prepared and preserved red meats, poultry meat, pet foods, wine and beer, egg products, and tree nuts. Consumer food exports for the first 8 months of fiscal 1994 rose to \$10.6 billion, up 9 percent from 1993's level.

At \$203 million, edible *fish and seafood* exports were up 8 percent from May 1993. Sharp declines in salmon and crab and smaller losses in roe/urchin and surimi were offset by a 27-percent increase in the "miscellaneous" seafood category. U.S. *forest product* exports were \$612 million in May, down 11 percent from May 1993. Falling 30 percent, logs posted the most significant decline. For the first 8 months of fiscal 1994, U.S. exports of fish and seafood were \$1.7 billion, down 1 percent from 1993's level, while U.S. exports of forest products were \$4.6 billion, down 7 percent from 1993.

Inside This Issue...

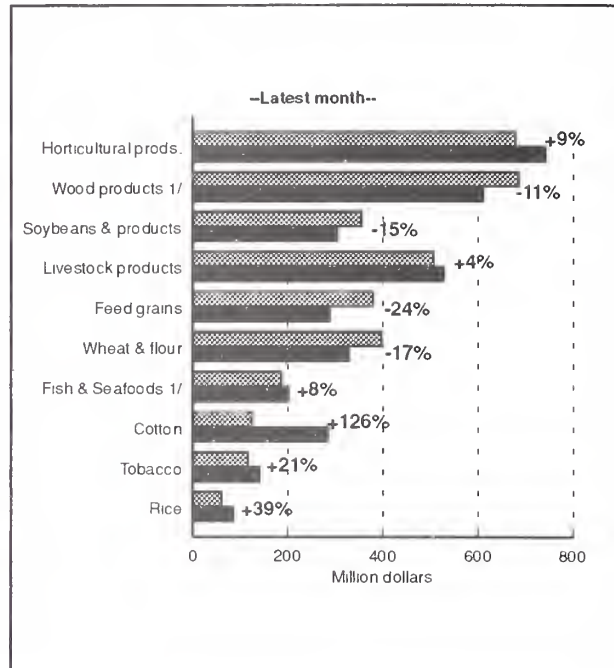
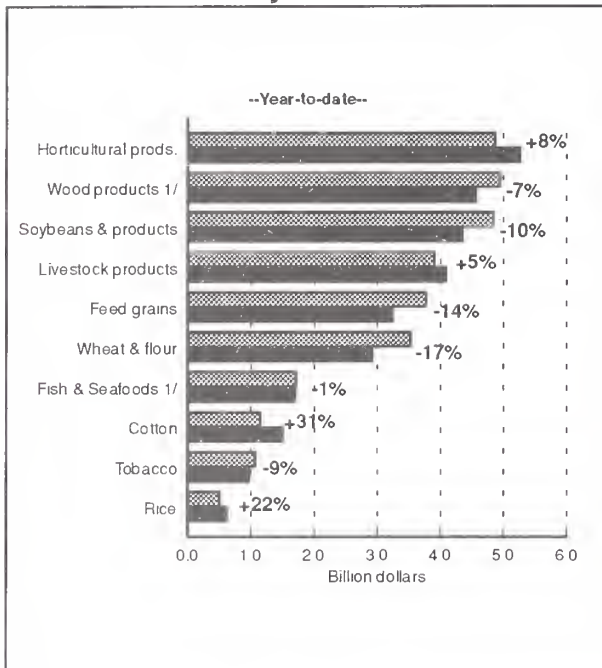
	Page
Consumer Food Highlights	3
COUNTRY SPOTLIGHT:	
Norway	5
FEATURE STORY:	
Exporting Beef and Pork to the EU	8
Trade Policy Updates	11
Market Updates	12
U.S. Agricultural Exports:	
By Commodity Type	15
By Commodity Group	16
By Region	17
Foreign Exchange Rates	18

U.S. Agricultural Export Summaries

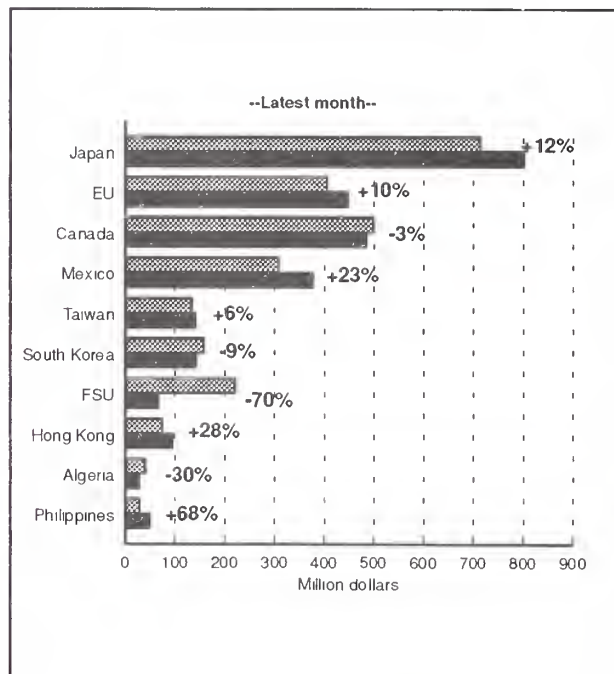
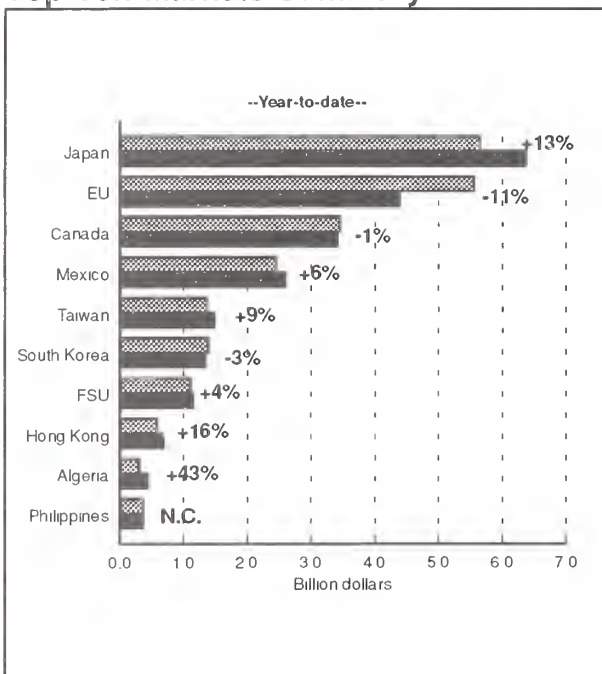
October-May and Latest Month Comparisons

■ FY '93 ■ FY '94

Product Summary



Top Ten Markets Summary



Note: Percentages are computed as the change from a year ago.
1/ Not included in agricultural totals.

Consumer Food Highlights

Continuing its drive toward a new record high in 1994, U.S. consumer-oriented exports totaled \$6.4 billion for the first 5 months of this year, a 10-percent increase over last year at this time. Of the categories highlighted this month, fresh fruit, poultry meat, breakfast foods, and egg products all posted double-digit gains, while snack foods and chilled/frozen red meats posted more moderate increases.

Chilled/frozen red meat exports totaled \$1.3 billion during the first 5 months of 1994, an 8-percent increase over the same period last year. At \$882 million, exports of chilled/frozen beef were up 16 percent. Exports to Mexico have resumed their upward trend since tariffs were removed, shipments to Japan continued to rise, and sales to South Korea doubled from the same period last year. Interestingly, U.S. beef sales to South Korea have exceeded those to Mexico and are closing in on sales to Canada, traditionally the third and second largest U.S. markets, respectively. At \$167 million, the value of U.S. pork exports is up only slightly from the previous year.

Exports of *fresh fruits* totaled \$723 million during the first 5 months of 1994, a 13-percent increase over the same period last year which ended in record export sales. Deciduous fruit account for about 40 of total sales in the fresh fruit category, while citrus fruit account for most of the remainder. The biggest story this year is apples. At \$165 million, worldwide apple sales were up 50 percent from the same period last year. Sales to Taiwan and Mexico, the two largest U.S. markets, were up 47 percent and 91 percent each. Grapefruit and oranges dominate the citrus group, and this year's exports are up 5 and 10 percent, respectively, due almost entirely to sales to Japan.

Exports of *processed fruit & vegetables* were \$646 million for the first 5 months of 1994, virtually unchanged from the same period last year. Increased exports of potato flakes, frozen french fries, raisins, and dried onions helped to offset lower frozen fruit and canned fruit shipments. Japan continues to be the largest market at \$179 million, while exports to the Four Asian Tigers are 13 percent ahead of last year's

record level. Exports of dried fruits reached \$146 million. Greater shipments of frozen french fries has helped to bolster frozen vegetable exports, which reached \$123 million during the period.

U.S. *poultry meat* exports have reached \$570 million for the first 5 months of 1994, a 46-percent increase over the same period last year, and are poised to reach new highs by year's end. Double-digit gains were registered in nearly all of the top ten markets, with sales to Russia so far this year already exceeding 1993's total. Mexico is the leading country market, with the largest gains in frozen chicken and turkey cuts, while moderate growth to Japan has been in the form of frozen whole chickens and chicken cuts.

Exports of *snack foods* for the first 5 months of 1994 were \$416 million, roughly 10 percent ahead of the same period last year. Exports of both salty and sweet snacks are ahead of last year's level, 19 and 6 percent, respectively. Japan continues to be a growing market for many snack foods, and has already set a new record high for salty snacks in just the first 5 months of this year, making it the largest market for that category.

At \$438 million, U.S. exports of *fresh vegetables* during the first 5 months of 1994 are off 8 percent from last year's level at this time. This is due in large part to a 20-percent decline in shipments to Canada, which normally account for more than two-thirds of U.S. sales. Sales were also slightly lower to Mexico, driven by a sharp decline in tomato shipments. However, fresh vegetable sales to Japan soared during the period, with sales of both broccoli and cauliflower 150 percent ahead of last year. While still small

compared to broccoli and cauliflower, sales of shallots and lettuce to Japan were 7 times their 1993 level.

U.S. exports of *dairy products* totaled \$307 million during the first 5 months of 1994, 10 percent behind last year's figure at this time. The decline was led by a sharp drop in dry milk powder sales to Mexico caused by a delay in making the Dairy Export Incentive Program (DEIP) operational this year. Despite the overall loss for the dairy category, exports of cheese (\$26 million) and ice cream (\$31 million) were up 17 and 21 percent, respectively. While Mexico and Japan have been strong growth markets for both ice cream and cheese, ice cream sales were also strong to Hong Kong, Singapore, and South Korea. Sales to Russia, mostly ice cream bars, are more than 9 times ahead of last year.

Exports of *breakfast foods* totaled \$117 million during the first 5 months of 1994, a 12-percent increase over the same period last year which ended in record export sales. Sales to the top three export markets, Canada, Mexico and Japan, are running 25 to 60 percent ahead of last year's levels and are well on their way to new record highs in 1994. The EU, which was the second largest market in 1991 (sales reached a record \$58 million), has largely dropped out of the U.S. export picture this year, due to increased production by U.S. firms in Europe and competition from European cereal manufacturers.

Exports of *egg products* were \$62 million for the first 5 months of 1994, 13 percent ahead of the same period last year. Higher exports of in-shell eggs, supported by the Export Enhancement Program (EEP), has helped shipments to Hong Kong reach \$12 million so far this year. This is 27 percent ahead of last year's record-setting level. Most of the growth in Mexico has been contained to the free trade zone, and sales continue to be strong in Canada for hatching eggs.

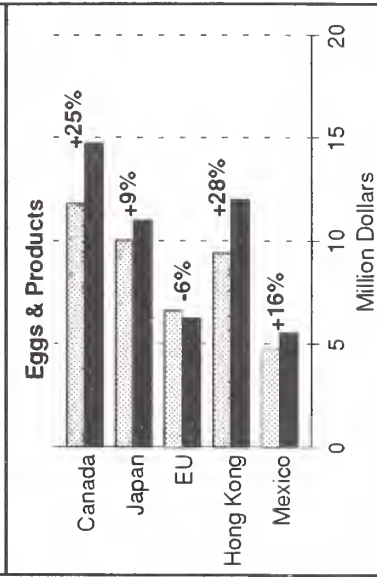
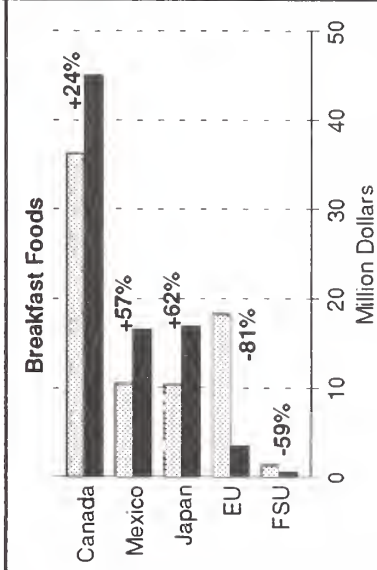
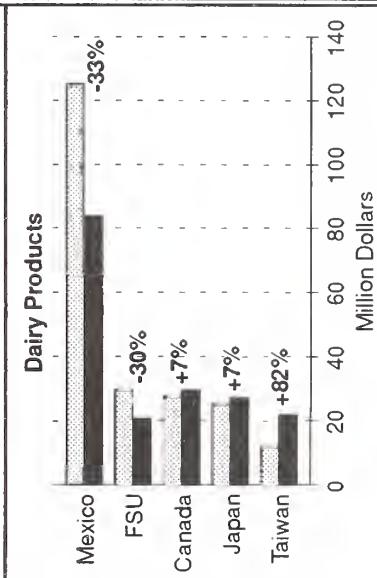
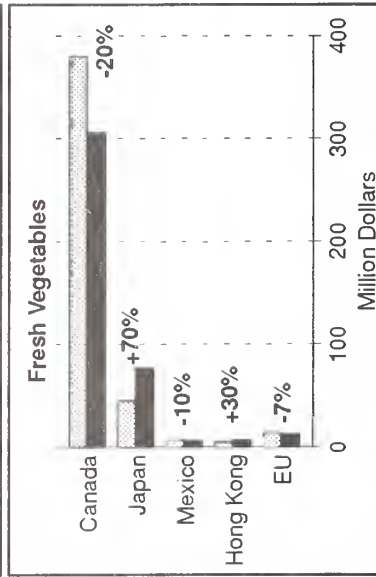
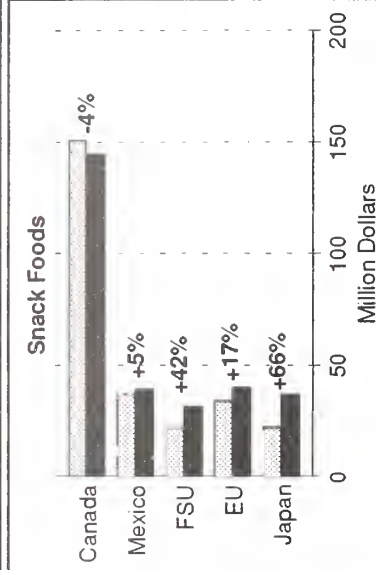
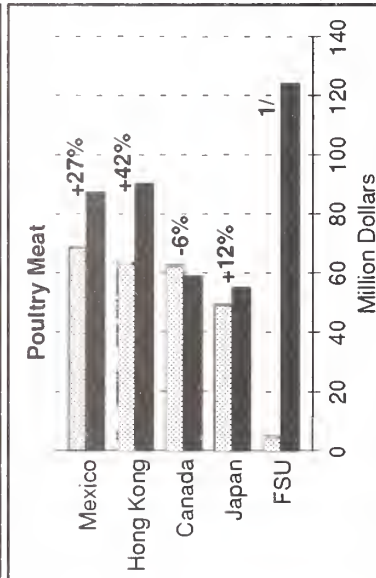
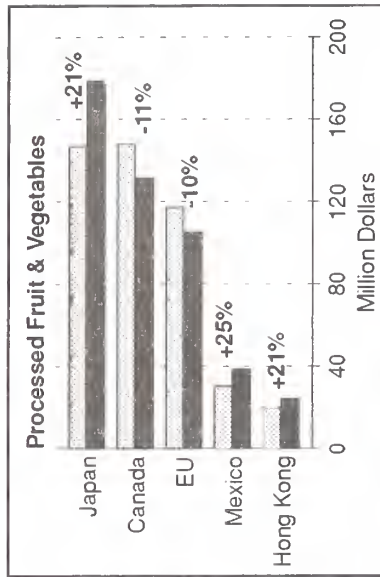
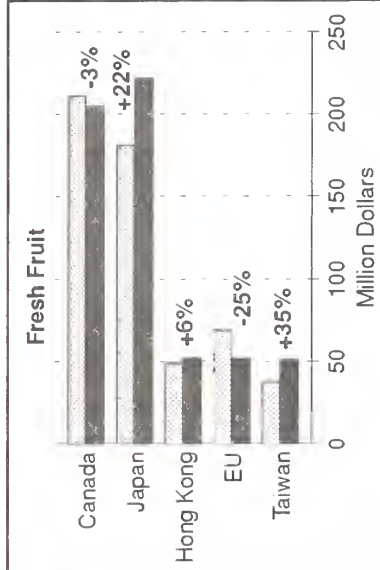
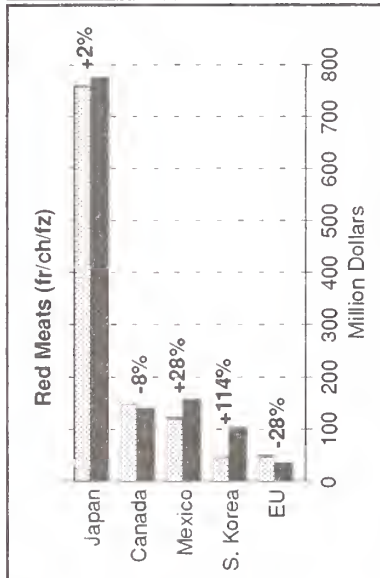
For more information, contact Karen Halliburton at (202) 690-0553.

Top Five Markets for Selected U.S. Consumer Foods

January Through May Comparisons

CY '93

CY '94



Notes: 1/Relatively negligible exports reported during comparable period last year. Percentages are computed as the change from 1993 to 1994. Countries are ranked from highest to lowest based on full CY 1993 exports.

Country Spotlight: Norway

The Winter Olympic games in Lillhammer earlier this year may have introduced the world to Norway, but the country is no stranger to U.S. agricultural exports. U.S. exports of agricultural, fish and forest products totaled more than \$100 million in 1993.

By **Veronica Edwards**

While bulk products (mainly wheat and soybeans) have usually accounted for half of U.S. agricultural shipments to Norway, consumer foods have been the primary area of growth, setting record levels during each of the past 5 years and headed for a new high in 1994. For example, in 1993 U.S. suppliers shipped a record \$41 million in consumer-oriented foods, up 8 percent since 1989. Individual records were set in snack foods, dairy products, processed fruits and vegetables, fruit and vegetable juices, tree nuts, and pet foods. Despite these successes, the U.S. currently accounts for just 6 percent of Norway's total imports of consumer foods, while the EU is the overwhelming leader with 60 percent of the import market.

The possibility of Norway joining the European Union (EU) could dampen growth in many areas of U.S. exports, despite strong sales opportunities for consumer foods. The Norwegian government and trade groups are preparing for the changes in domestic agricultural policy that will be necessary to accommodate Norway's

expected membership in the EU [see gray box] and new import regime changes agreed to in the recently completed Uruguay Round of GATT.

This could magnify Norway's traditional policy of promoting self-sufficiency, especially in grain, livestock and dairy products. Imports have long been controlled through quantitative restrictions, import prohibitions, licensing, and a minimum price system.

U.S. Bulk Sales Decline

U.S. bulk commodity exports to Norway peaked at \$165 million in 1981. This was largely the result of strong soybean sales and record wheat and coarse grain shipments. However, U.S. bulk exports declined sharply after this point, with losses averaging 11 percent a year through 1992. This was largely the result of rising domestic support coupled with increased competition from subsidized EU exports in the grain sector. By 1993, U.S. bulk exports totaled less than \$40 million (largely in wheat, soybeans and tobacco). As recently as 1992, the U.S.

share of Norway's bulk commodity imports was 29 percent.

In 1993, exports of bulk commodities fell 28 percent from the previous year, because shipments of soybeans dropped to zero due to a fire at the only Norwegian crusher, Denofa, in October 1992. Full production resumed at Denofa in April 1994 and the plant is expected to process 155,000 tons of soybeans this year. This figure is expected to rise further in 1995 and U.S. suppliers are expected to capture 60 percent of this market.

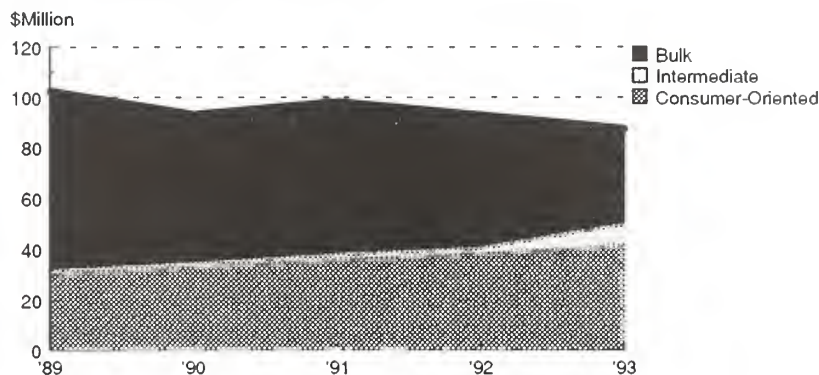
During the past several years, U.S. intermediate agricultural exports to Norway have been minimal, ranging from \$1 million to \$2 million annually, giving the United States less than 1 percent of the \$290 million import market in 1992. The EU and Sweden, the dominant U.S. competitors, account for more than 80 percent of the market. The major U.S. exports in the intermediate category are sugars, sweeteners, and feed. Norway does not typically import soybean oil, preferring to meet its domestic soybean oil requirements by crushing imported soybeans. However, as a result of the fire at Denofa, U.S. soybean oil shipments jumped to \$6 million in 1993. U.S. intermediate product sales are expected to reach \$5 million in 1994, and then returning to \$2 million in 1995.

Opportunities for Consumer Food Products

The FAS Office of Agricultural Affairs in Norway is optimistic about the market's outlook. It is projecting that U.S. consumer food exports to Norway could more than double by the year 2000.

Norway has a highly diversified retail sector which includes independent grocers, chains, and consumer cooperatives. Grocery stores account for 75 percent of retail food sales, with the remaining 25 percent going to specialty stores (i.e. bakeries, meat stores, and candy stores). The majority of distribution is handled by

Consumer-Oriented Products Account for Rising Share of U.S. Agricultural Exports to Norway



wholesalers. Most of the larger retail chains do not import directly, but this will likely change with the recent trend of wholesalers concentrating on established chains. It is expected that large retail chains will increasingly make their own decisions with respect to product line assortment, make direct agreements with importers and producers, and solicit advertising and TV commercial support from interested suppliers. Although grocery chains dominate the retail sector, there has been a shift to the larger discount chains which account for nearly half of the sales of this sector.

Norwegian Consumer Profile

When compared with the average U.S. diet, the Norwegian diet contains less fat and sugar. According to the agricultural office at the Norwegian Embassy, the customary breakfast and lunch in Norway consist almost exclusively of bread and milk. Norwegians typically do not eat warm dishes or sweets for these meals and have little time to prepare them. Dinner is the main meal of the day, which consists of some form of starch (boiled potatoes or rice) and a meat dish, which is typically fresh fish in coastal communities and red meat within the country.

Norwegians are beginning to consume more convenience products out of concern for family health and a changing family pattern. With almost 60 percent of women in the work force, there is a growing demand for foods prepared at home which require less preparation time. However, it appears that health concerns have outweighed the need for convenience to the determinant of the fast food industry which has seen only average growth in Norway. Although chains are mostly concentrated in the cities, Norwegians do not typically eat at these establishments. The minimal growth of U.S. chains up to this point could continue in the absence of a tailored market penetration strategy.

There is a growing market for health foods as Norwegians become increasingly concerned about preventing heart disease. As a result of this concern, they are consuming more foods that are lower in salt, calories, and cholesterol, such as more processed fruits and vegetables, low-fat yogurt, raisins, prunes, and juices. Because of the climate in Norway and the near absence of daylight throughout the winter months, orange juice is often consumed to provide vitamin C.

An area where exporters can do more is canned fruits and vegetables. Traditionally, U.S. exporters have had a strong position with branded produce products. However, these products have tended to price themselves out of the market, being replaced with lower-cost private label brands. Private label brands have been less than premium quality and as consumers needs have changed, there has been a greater demand for high-quality products. Future sales growth will depend on efforts to differentiate U.S. products on the basis of quality. With the average per capita income in Norway now at

\$21,000, consumers may be better able to afford such quality.

There is also a growing market for U.S. niche products. Potential growth areas are popcorn, Tex Mex, and other specialty foods and sauces. These are areas where the United States has a market presence and should continue to grow. However, areas where U.S. products are not present or underrepresented in the market, yet have growth potential, are breakfast cereals, fruit and vegetables juices, soft drinks and mineral waters, frozen pizza, and microwave foods. For more information on exporting to Norway, contact Robert Tetro, FAS Agricultural Attache at tel: (45) 35-26-10-81, fax: (45) 35-43-02-78.

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EU Membership Likely to Result in Some U.S. Sales Losses

Norway could join the EU as early as January 1, 1995 if the move is approved in a public referendum to be held at the end of November this year. Norway has already begun to plan an accession strategy which includes restructuring, downsizing, and opening agricultural import trade to EU member countries. The government is also attempting to assess the effects of accession on the domestic farm sector, which strongly opposes the effort. If Norway becomes a member of the Union, it will be required to accept EU price levels, and laws and regulations including EU import tariff levels. This would lower the price of Norway's domestic livestock, dairy, and cereal markets, which are currently higher than those of the EU.

On the U.S. side of this scenario, a number of products including rice, nuts, tobacco, and some processed fruits and vegetables will certainly face higher tariff levels. Since the EU will have duty-free access to Norwegian markets, increasing the EU's competitive advantage, this is most likely to result in a loss of U.S. market share. However, U.S.-EU bilateral negotiations planned this fall are designed to minimize any possible losses. However, despite the possibility of losing market share, new opportunities should also develop for U.S. exports, particularly for higher-quality and niche products.

U.S. Exports of Agricultural, Fish & Wood Products to NORWAY

Calendar Years 1989 to 1994 and Year-to-Date Comparisons

(Thousands of Dollars)

Product	Calendar Years					January - May		% Chg
	1989	1990	1991	1992	1993	1993	1994	
Bulk Agricultural Total	71,048	58,960	60,201	52,668	37,950	16,151	15,885	-1.6%
Wheat	8,056	4,173	4,854	7,543	19,770	10,453	3,145	-69.9%
Coarse Grains	8,791	2,835	0	0	0	0	0	NA
Rice	2,794	3,172	3,063	2,287	3,335 *	1,362	1,266	-7.0%
Soybeans	38,257	36,877	40,744	29,469	0	0	7,946	NA
Cotton	1,552	2,227	1,828	1,381	822	440	1,028	133.6%
Tobacco	9,121	8,111	8,218	8,908	10,491	2,585	461	-82.2%
Pulses	69	111	152	135	98	36	75	108.3%
Peanuts	2,237	1,426	1,196	2,768 *	2,676	1,103	1,470	33.3%
Other Bulk Commodities	170	29	149	175	758 *	171	494	188.9%
Intermediate Agricultural Total	1,028	1,142	2,241	2,212	8,311 *	1,066	4,776	348.0%
Wheat Flour	0	0	0	0	0	0	0	NA
Soybean Meal	0	0	0	0	0	0	0	NA
Soybean Oil	0	4	0	0	6,077 *	0	3,880	NA
Other Vegetable Oils	59	18	15	52	13	13	15	15.4%
Feeds & Fodders (excl pet foods)	74	50	156	195	204	124	23	-81.5%
Live Animals	22	0	282	23	0	0	17	NA
Hides & Skins	6	5	0	111	66	0	116	NA
Animal Fats	22	3	7	10	0	0	0	NA
Planting Seeds	171	160	173	126	62	43	128	197.7%
Sugars, Sweeteners & Bever. Bases	250	355	628 *	318	343	278	132	-52.5%
Other Intermediate Products	423	548	981	1,378	1,546	808	466	-23.4%
Consumer - Oriented Agricultural Total	30,412	32,850	35,540	37,915	41,157 *	15,753	14,647	-7.0%
Snack Foods (excluding nuts)	928	1,184	1,673	2,030	2,607 *	1,137	1,452	27.7%
Breakfast Cereals & Pancake Mix	316	232	387	1,088 *	188	54	205	279.6%
Red Meats, Chilled/Frozen	49	100	21	285	287	142	49	-65.5%
Red Meats, Prepared/Preserved	87	110	73	20	129	122	181	32.0%
Poultry Meat	77	64	85	97	43	21	13	-38.1%
Dairy Products	115	125	176	308	378 *	207	225	8.7%
Eggs & Products	0	0	0	4	3	0	9	NA
Fresh Fruit	2,236	3,647	4,117	3,391	1,941	742	168	-77.4%
Fresh Vegetables	568	679	604	1,038	720	489	473	-3.3%
Processed Fruit & Vegetables	11,153	11,718	12,276	12,390	13,714 *	5,249	4,383	-18.5%
Fruit & Vegetable Juices	3,735	4,181	4,281	4,751	4,818 *	2,829	1,786	-36.9%
Tree Nuts	8,637	7,526	7,901	8,422	10,752 *	2,353	2,254	-4.2%
Wine and Beer	633	652	956 *	555	650	296	614	107.4%
Nursery Products & Cut Flowers	322	384	183	127	281	180	97	-46.1%
Pet Foods, Dog/Cat	732	1,197	1,702	2,292	3,109 *	1,228	1,279	4.2%
Other Consumer - Oriented Products	824	1,052	1,104	1,117	1,539	702	1,478	110.5%
Wood Products Total	5,192	8,215	4,918	5,718	6,570	3,033	2,785	-8.2%
Logs	223	144	107	126	74	51	253	396.1%
Lumber	3,142	3,995	3,548	4,145	5,054	1,807	2,213	22.5%
Plywood & Panel Products	1,377	1,324	585	284	414	252	143	-43.3%
Other Wood Products	451	752	679	1,162	1,029	924	176	-81.0%
Fish & Seafood Products Total (Edible)	5,959	38,474 *	37,966	13,436	6,501	4,262	2,380	-44.2%
Salmon, Whole/Eviscerated	31	123	78	396	0	0	0	NA
Salmon, Canned	0	0	0	10	0	0	0	NA
Crab & Crabmeat	0	8	0	8	3	0	0	NA
Surimi (fish paste)	0	0	0	88 *	3	0	42	NA
Roe & Urchin	0	21	15	0	46	0	46 *	NA
Other Edible Fish & Seafood Products	5,928	38,323 *	37,873	12,933	6,448	4,262	2,291	-46.2%
Agricultural Product Total	102,488	92,952	97,982	92,793	87,418	32,970	35,308	7.1%
Agricultural, Fish & Wood Product Total	113,639	137,641	140,866	111,947	100,489	40,265	40,473	0.5%

Note: (*) Highest export level since at least 1970.

Feature Story: Exporting Beef and Pork to the EU

This month, Agricultural Trade Highlights presents a summary of the major requirements facing U.S. red meat exporters in the highly regulated EU market. Prospects for future growth and greater market penetration will be strengthened by the ability of U.S. firms to maneuver in this complex trading environment.

By Leslie O'Connor

There are many requirements that beef, pork, and further processed products made from beef and pork must meet to be exported to the European Union (EU). The following is a summary of some of the major requirements.

Beef and Veal

EU Hormone Ban: The EU does not allow the import of meat from animals which have been treated with growth-promoting hormones. This rules out the majority of beef produced in the United States. To comply with EU rules, the animals sent to EU-approved slaughterhouses must be accompanied by an affidavit from an EU-approved feedlot operator that the animal has never been treated with hormones. (To become EU-approved, the feedlot operator must apply to the European Commission to be inspected and placed on a list of approved feedlots.) The

Food Safety and Inspection Service (FSIS) of the USDA will only give export certificates for shipments destined for the EU if the animals sent to slaughter were accompanied by this affidavit.

EU Slaughterhouse Approval: Only slaughterhouses and packinghouses which have EU approval may ship meat to the EU. This is in addition to USDA approval. Currently, only eight U.S. slaughterhouses are EU-approved, and only four of these (two beef, two veal) are approved for the export of muscle meat. The remaining plants are approved for export of offals (livers, kidneys, hearts, etc.).

Duties and Levies: The EU normally assesses a 20% ad valorem duty and a variable levy (which changes quarterly) on the CIF price on fresh and frozen beef and veal. For example, for the

third quarter of FY 1994, the variable levy on fresh beef and veal ranges between \$276-\$510 per 100 kg., depending on the cut, and the variable levy on frozen beef and veal ranges between \$170-\$365 per 100 kg.

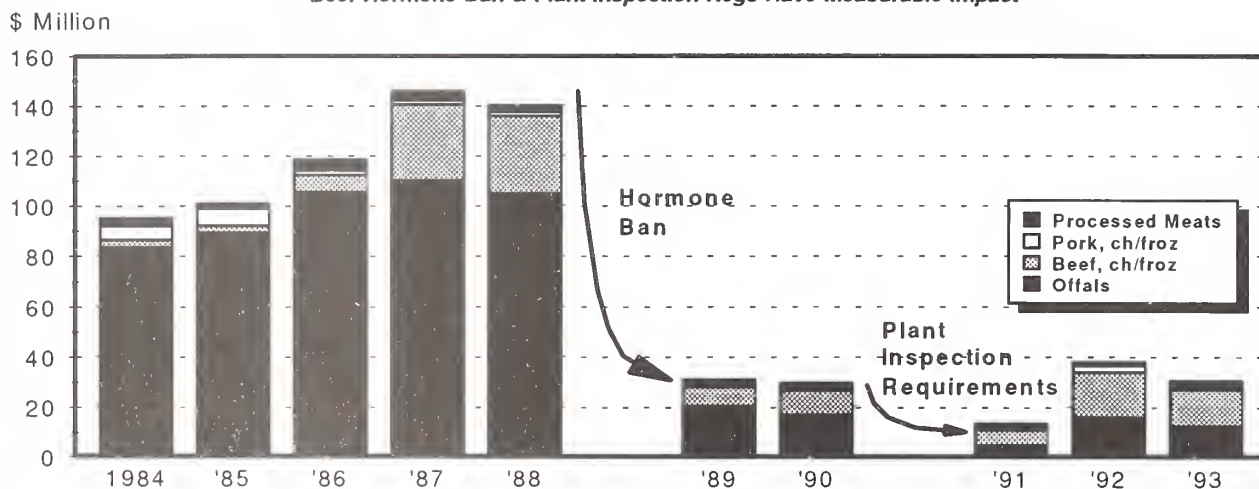
Most beef (muscle meat) is exported to the EU under the EU High Quality Beef Quota. When meat is shipped under the quota, the variable levy is waived and only the 20% duty is assessed. To access the quota, an importer must obtain an import license from the intervention authority of the importing member state. These licenses are issued on a monthly basis and are valid for 90 days. Beef shipped under the quota must have a certificate of authenticity signed by FSIS certifying that the meat meets the definition of high quality beef (as specified in the 1979 Tokyo Round Agreement). Meat that grades USDA "prime" or "choice" automatically qualifies.

Beef offals are not subject to the variable levy, with duties bound at an *ad valorem* rate of 7% on beef livers and 4% *ad valorem* on all other offals.

A value added tax (VAT) is also charged on most beef products entering

EU Import Policies Squeeze U.S. Beef & Pork Exports

Beef Hormone Ban & Plant Inspection Regs Have Measurable Impact



...Exporting Beef and Pork to the EU

the EU. This is assessed after the duty and the levy have been assessed. The VAT is based on the CIF price of the product plus the duty charged on that product. The VAT varies among member states and ranges from 5% to 12% for most foodstuffs.

Pork

EU Slaughterhouse Approval: Only slaughterhouses and packinghouses which have EU approval may ship meat to the EU. This is in addition to the plant being approved by the USDA. Currently, eight U.S. slaughterhouses are EU-approved.

Duties and Levies: The EU price regime for pork is different than that for beef and veal. Each quarter, the EU sets a new "sluicgate price" and a variable levy. The sluicgate price is the EU's estimate of the world cost of producing pork (taking into account the cost of feed, transportation, overhead, and marketing costs), plus a community preference. The sluicgate price functions as a minimum import price. In addition to the sluicgate price of the product, a variable levy is then assessed. For the second quarter of 1994, the variable levy on fresh and frozen pork ranged between \$64-\$120 per 100 kg., depending on the cut.

Pork offals, are also exempt from the variable levy, with duties bound at an *ad valorem* rate of 7% on pork livers and 4% *ad valorem* on all other offals.

A VAT is also charged on most pork products entering the EU. This is applied after the duty and the levy have been assessed. The VAT is calculated on the CIF price of the product plus the duty. The VAT varies among member states and ranges from 5% to 12% for most foodstuffs.

Processed Meat Products

If intended for human consumption, the meat from which the imported product is made must meet the requirements of the hormone ban (if beef) and come from an EU-approved plant (see above). In addition, the EU will soon be developing a list of approved processing facilities. At that point, the manufacturer of the meat product will have to be EU-approved to ship to the EU. Currently, approval of meat processing plants is determined by the individual EU member state.

Duties and Levies: Only variable levies are assessed on processed meat products. The levies vary according to product and range between \$516-\$591 per 100 kg for processed beef products and \$64-\$208 per 100 kg for processed pork products. A few processed meat products (such as liver sausages and some liver-based products) have bound *ad valorem* duties of 24-26% rather than the variable levy.

A VAT is also charged on most processed meat products entering the EU and is assessed after the duty and the levy have been assessed. The VAT is calculated based on the CIF price of the product plus the duty charged on that product. The VAT varies from member state to member state and ranges from 5% to 12% for most foodstuffs.

Packaging and Labeling: For more highly processed products, packaging and labeling requirements become more important. The EU has some specific regulations on how processed products must be packaged and labeled, but these rules are not yet completely harmonized within the EU, and individual member states may have different or additional requirements.

Additives and Residues: As with packaging and labeling, the EU has specific regulations regarding permitted additives and residue limits in food products. These regulations are also not yet completely harmonized and member states may have different or additional requirements.

Uruguay Round Changes In Duties and Variable Levies

Under the Uruguay Round, all countries will be required to convert non-tariff barriers, such as variable levies to tariffs, and to reduce these and all other tariffs by a fixed percentage. As a developed economy, the EU will be required to reduce this "base rate duty" on every line item by an average of 36%, with a minimum 15% cut per tariff line over 6 years.

In the case of beef, the 20% duty will be reduced to 12.8% over a 6-year period, and the variable levies will be replaced by a simple tariff which will be reduced, in general, by 36% over the same period. For example, the duty on HS 0201.10.50 (bovine carcasses and half-carcasses, fresh or chilled) will change from 20% + 2763 ECU/MT to 12.8% + 1768 ECU/MT (ECU = European Currency Unit; currently 1 ECU is roughly \$1.38).

The variable levies for pork will be replaced by a simple tariff, which will be reduced 36%. For example, the duty on HS 0203.22.11 (bone-in hams and cuts thereof of domestic swine) will change from 1215 ECU/MT to 778 ECU/MT.

The variable levies on both beef and pork offals are to be reduced 100% and will be assessed a 0% duty at the end of the 6-year implementation period.

...Exporting Beef and Pork to the EU

Historical Background and Perspective

The beef and pork markets of the European Union (EU) have long been highly regulated, especially with respect to market access for third country suppliers. The EU's objective of maintaining "community preference" for domestic industries dictates the use of various policy tools, including import duties, variable levies, and quotas to isolate the internal market from U.S. and other outside suppliers. This typically means that foreign suppliers are effectively excluded from the EU's beef and pork markets.

In some cases, however, EU authorities permit the importation of larger amounts of specific products when internal supplies are unable to meet demand or EU industry groups support the move. This is the case, for instance, with lamb from New Zealand or grass-fed beef from Argentina. New Zealand lamb sells to a high-quality niche in the food retail market, while beef from Argentina sells to lower-priced steak house chains much as it does in the U.S. market. Prior to the EU's "Beef Hormone Ban," U.S. exporters were supplying beef to a high-end segment of hotel industry under the EU's High-Quality Beef (HQB) quota. The European demand for U.S. grain-fed beef was so strong that the quota was over-subscribed on a regular basis. Prior to the ban, U.S. suppliers also had a strong foothold in Europe's beef offal market, because the U.S. slaughter industry had the unique capacity to supply the large volumes of quality, uniform-size offals demanded by the European meat-processing industry.

Prior to the late-1980s, EU import policies for beef and pork limited U.S. suppliers to two major niche markets: the high-quality beef food service market and the offal market for fresh and further-processed foods. The HQB trade was made possible but also limited by a quota system negotiated during the Tokyo Round GATT talks in 1979. Although U.S. suppliers had filed many protests about the EU licensing system, a more effective use of the HQB quota in 1987 and 1988 helped boost U.S. beef sales to \$31 million. By 1987, U.S. offal sales (90% of which were beef) exceeded \$100 million and accounted for one-third of U.S. sales worldwide.

As a result of the eventual enforcement of the EU ban on all beef treated with growth-promoting hormones in 1989, the value of U.S. beef and offal exports immediately plummeted \$108 million, an 80 percent drop in sales in one year (see graph). Some U.S. "hormone-free" beef continues to find its way to the dinner tables of European international hotels, but the market for U.S. offals is now effectively limited to the EU's pet food industry. Unaffected by the beef hormone ban, U.S. sales of pork remain small. This is due, in part, to the large amount of lean pork effectively marketed throughout the EU by local processors, as well as EU plant inspection requirements (fully in place by 1990) and food law requirements. U.S. beef and processed meats must also satisfy these requirements.

For further information contact Ernest Carter at (202) 720-2922.

The variable levies for processed meat products are generally reduced 36% from the newly established tariffs.

In practice, these new duty rates are maximum rates, and the EU may actually charge less than the full amount allowed.

Relevant Regulatory Agencies

The USDA's Food Safety and Inspection Service (FSIS) has responsibility for export certification of meat, poultry, and meat product consisting of 3% or more of meat. For

more specific information on EU-approved plants and EU export certificates, contact FSIS's Export Coordination Division at (202) 501-6022.

FDA has responsibility for products with less than 3% meat. For specific information regarding these products, contact FDA's Center for Food Safety and Applied Nutrition at (202) 205-4045.

For more specific information on EU packaging requirements, labeling requirements, or EU regulations on food

additives, contact the USDA's Foreign Agricultural Service, Office of Food Safety and Technical Services, at (202) 720-1301.

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Trade Policy Updates

EU Subsidies to Rise Under the U.S.-EU Canned Fruit Agreement

U.S. and European Union (EU) negotiators recently concluded the annual review of prices and the fixing of processor subsidies under the U.S.-EU Canned Fruit Agreement (CFA). According to the mutually agreed upon methodology, the European Commission raised its 1994 processor subsidies on peaches by 5.6 percent to ECU 71.77 per ton, and on pears by 4.4 percent to ECU/172.33 per ton. Prior to the CFA consultation process, the EU had increased the minimum grower price for peaches by 3.8 percent to ECU 238.32 per ton; prices for pears remain unchanged from 1993 levels at ECU 325.12 per ton. While the calculated processor subsidy levels are within the framework of the CFA agreement, the U.S. industry is becoming increasingly concerned about the expanding presence of EU product on the world market. Greece, the world's leading producer and exporter of canned peaches (and primary recipient of the EU's subsidies) has already been the target of three countries' anti-dumping actions in the past 12 months.

Oman Issues Import Quota for Table Eggs

The Government of Oman issued a decree on July 1, 1994, levying a 2-month import quota on table eggs from July 1 to August 1, 1994. The quota will limit importers to 40 percent of their July/August 1993 total egg imports to allow higher-priced domestic eggs to maintain market clearance during the lower demand summer months. Through sales under the EEP, Oman has become a significant market for U.S. table eggs.

China-France Wheat Accord

According to an official Chinese publication, France and China signed "an exchange of notes that will restore wheat trade." Officials from both governments declined to give details of the accord in which China promised to resume trade at historical levels, which French officials estimate at about 800,000 tons annually. China's wheat imports from France, which totaled 5.1 million tons from January 1988 to December 1992, have been halted since a 1993 Beijing protest over French military sales to Taiwan.

Japan to Increase Rice Production Subsidies

Japan's Rice Price Council, an advisory group to Agricultural Minister Okawara, recommended raising subsidies for rice farmers by 70 percent, while keeping government purchase prices unchanged for the third year. The proposed subsidy increase, which would take the form of direct payments, would raise farmers' average income by nearly 4 percent. The government purchase price for rice is the equivalent of \$120 per hundredweight, as compared to a U.S. target price for rice (bagged brown basis) of roughly \$15.25 per hundredweight. After the conclusion of the Uruguay Round talks in December, former Agricultural Minister Hata had attempted to lower the rice price to decrease the wide gap between domestic and international prices, but domestic pressure to continue to strive for rice self-sufficiency remains strong.

Poland Implements Variable Levies on Numerous Agricultural Products

On June 21, 1994, the Government of Poland implemented variable import levies for a number of agricultural products, including pork, ham, chicken, and dairy products. According to a report from FAS/Warsaw, the levies are based on the difference between a domestic "threshold price" and a "foreign price" plus tariff, taxes, insurance, and average transportation cost to the Polish border. These levies are to remain in effect until the GATT agreement is implemented in 1995. In 1993, the United States exported \$65 million worth of poultry and dairy products to Poland, including \$35 million of chicken cuts. The impact on U.S. poultry exports is uncertain but likely to be negative. Currently, the levy on poultry ranges from 7 cents to 52 cents per-pound, depending on the cut.

Market Updates

Canada Plants Less Spring Wheat, More Durum and Oilseeds

According to Statistics Canada's recent report on preliminary area estimates, farmers seeded record areas of rapeseed and soybeans, up 40 and 14 percent, respectively, from a year ago. Durum wheat area is at near record levels, increasing 60 percent over last year, due to producers' anticipation of price premiums over spring wheat. For the second year in a row, producers have dramatically reduced their spring wheat area, declining 26 percent from last season and the lowest level since 1975. In addition, producers have opted to seed less corn area than usual in reaction to expectations of increased corn production in the United States and potentially lower prices. This is the first time Ontario producers have seeded more soybeans than corn.

More Durum Exports from the EU

With the prospect of larger-than-expected supplies of durum wheat available for export in 1994/95, European Union traders anticipate an aggressive export program. Traders now expect a bigger durum harvest of better quality, which could be milled instead of fed to livestock as in past years in Greece and Spain. There are also still over a million tons in intervention stocks. Even before the harvest, domestic prices are already well below intervention support prices. With strong demand from North African countries, whose quality requirements are less stringent than intervention specs or EU domestic mills, pressure is building for additional durum export licenses.

Australian Barley Exports to China Set Record

Australian sources report that Australian barley exports to China, its largest barley market, will be a record 800,000 tons in CY 1994. The major growth portion of the Australian barley trade to China is the brewery market, which is estimated to have grown by more than 42 percent since 1993. Sources indicate that Australia's market gain is, in part, a result of shortages of barley available for export to China from Canada and, in part, a sheer growth in demand. The United States has not sold any barley into China this year, particularly because of Chinese concerns regarding exposure to TCK.

Hungarian Government Authorizes Export Subsidies

The outgoing Government of Hungary authorized export subsidies for wheat, wheat flour, and pasta of 15 percent, 20 percent, and 25 percent, respectively. The authorization of export subsidies is a result of concerns over the disposal of increased domestic wheat supplies this year. Although Hungary has used export subsidies in previous years, subsidy continuation this year was not expected due to budgetary concerns. In the last 2 years, Hungary's wheat exports have been well below historical averages due to drought-affected production. For the 1994/95 marketing year (July/June), USDA estimates that Hungary will export about 250,000 tons of wheat and flour. Likely destinations include Romania, Russia, Moldova, and other traditional Eastern European markets.

Decline In Indonesian Rice Production Leaves Large Deficit

The Agricultural Counselor in Jakarta reports that Indonesia's 1994 rice crop will be down by more than a million tons, or about 4 percent below last year's figure. While Indonesia already has contracted to export up to 250,000 tons of rice this year, no additional sales are now anticipated. Instead, attention is being focused on calling in rice loans Indonesia has made, such as the 200,000 tons it is owed by the Philippines. It is currently estimated that Indonesia has roughly 500,000 tons of rice it could call in. It is possible that additional imports on a commercial basis would also be needed. Only once in the last 10 years have Indonesian rice imports exceeded 500,000 tons.

...Market Updates

Secretary Espy Observes First Apple Shipment to China

Secretary Espy attended a ceremony on Wednesday, June 29, at the Port of Seattle marking the loading of the first shipment of Washington State apples destined for China. The shipment culminates several years of extensive efforts on the part of industry and USDA to open China's apple market. The two sides reached a tentative agreement on a phytosanitary protocol for Washington apples in December 1993. The agreement was concluded during talks held in Beijing, following the visit of two Chinese inspectors to fruit packing facilities and orchards in April. Prior to this development, China's phytosanitary-based import ban had limited imports of U.S. apples to shipments arriving unofficially via Hong Kong. Washington State apple industry sources have forecast shipping about 1 million boxes of apples to China, or about 20,000 tons, during the 1994/95 shipping season. Efforts to open China's market to other U.S. fruits, including apples from other regions of the United States, are ongoing.

U.S. Barley Imports Continue Strong

U.S. imports of barley from October 1993 to May 1994 have reached over 1.2 million tons, with May imports surpassing 300,000 tons. Continued strong import demand, especially from the U.S. west coast feed industry and the malting industry, is expected to persist at least until supplies of new crop corn and barley become available. U.S. barley imports for 1994/95 are now likely to reach over 2 million tons, compared to the current official estimate of 1.5 million tons. Virtually all the imports are from Canada.

China Moves to Control Honey Exports to the United States

The China Native Products Import and Export Corporation (TUHSU) announced in March a new policy on honey shipments which requires Chinese honey exporters to obtain export licenses, according to a June 20 report from the U.S. Agricultural Counselor's office in Beijing. The new controls are reported to be a direct result of the Dec. 21, 1993 ruling by the U.S. International Trade Commission that U.S. imports of honey from China were causing a threat of market disruption to the U.S. honey industry. U.S. imports of Chinese honey had surged more than 200 percent since 1989, to rise to 35,380 tons in 1993. Following the ITC ruling, President Clinton, in declining to impose trade sanctions, announced that the Administration would closely monitor future honey imports from China. China's new policy is reportedly designed to control honey export levels and prices, specifically for the U.S. market. Export prices are to increase by \$200 per ton initially (average 1993 FOB export price was US\$727/ton), with further increases likely before the end of the year. While export volumes to the United States are targeted to be reduced, there has been no mention to date of a specific quota ceiling. Tender acceptances under the new policy were announced in April 1994, with the first shipments expected in July or August of this year. In 1993, there were more than 100 exporters of honey in China. As of April 1994, only 35 exporters had been determined to qualify for export licenses.

U.S. Fresh Vegetable Exports to Japan Hit Record Levels

U.S. fresh vegetable exports to Japan in CY 1993 soared from \$79.5 million in 1992 to \$114 million. Fresh asparagus exports led the way with a value of \$30 million (up 25 percent from 1992), followed by broccoli \$23 million (up 64 percent), cauliflower \$19 million (up 27 percent) and onions \$9 million (up 469 percent). Other important U.S. fresh vegetable exports to Japan in 1993 that also registered increases included lettuce, kohlrabi, cucumbers, chicory, onion sets, beans, and celery. U.S. fresh vegetable exports to Japan during the first 4 months of 1994 have already reached a 5-year record level of \$66.3 million, up 70 percent from the same period in 1993. Fresh asparagus accounted for the lion's share with about 50 percent of the total value. Sales of fresh broccoli and cauliflower are up 160 and 150 percent, respectively, for the first 4 months of 1994 compared to sales during the same 4-month period over the previous 5 years.

...Market Updates

Jamaican Dairy Producers Demand Protection from Imports

Dairy farmers in Jamaica, reacting to a switch by consumers from expensive domestic fluid milk to imported milk powder, are protesting to the Government of Jamaica (GOJ) what they allege as unfair competition from imported milk powder. In response, the GOJ implemented measures intended to boost domestic fluid milk consumption. More significantly, they initiated an anti-dumping investigation covering imports of nonfat dry milk from the United States and the EU. In 1993, imports of milk powder from the United States accounted for less than 10 percent of the Jamaican milk powder import market (9,220 tons), while EU powder imports accounted for around 25 percent of the market.

Canada's New Chemical Residue Limit Benefits U.S. Citrus Exporters

The Government of Canada (GOC) established a maximum residue limit (MRL) for the insecticide chlorpyrifos on citrus fruit, according to a report by the AgMin-Counselor's Office in Ottawa. This development will eliminate the uncertainty for U.S. citrus exporters, whose shipments of oranges alone to Canada topped \$101 million in CY 1993. The newly established limit of 1.0 parts per million (PPM), which is identical to the U.S. tolerance level, replaces the previous standard of zero tolerance (defined as 0.1 PPM). The U.S. AgMin-Counselor's office, in conjunction with California citrus industry representatives, had been urging the GOC since early 1993 to establish an appropriate tolerance level for the insecticide. Trade problems mainly involved shipments of fresh oranges. Between December 1992 and June 1994, the GOC detected 15 violative shipments of California oranges due to residues of chlorpyrifos above the existing default level of 0.1 PPM.

This favorable development for the U.S. trade has been aided by the ongoing cooperation and dialogue in the U.S.-Canada Free Trade Agreement Technical Working Group on Pesticides on issues relating to standards and harmonization. Since April 1993, FAS/W, other agencies, and the trade in both countries have participated in bi-annual meetings alternating between Canada and the United States. At these meetings, they have discussed this and other technical issues affecting the annual \$3 billion trade in horticultural products between the two countries.

U.S. Exports of Agricultural, Fish & Wood Products to All Countries

Calendar Years 1989 to 1994 and Year-to-Date Comparisons

(Thousands of Dollars)

Product	Calendar Years					January-May		%
	1989	1990	1991	1992	1993	1993	1994	Chg
Bulk Agricultural Total	22,813,257	20,232,083	18,348,386	19,687,248	18,593,458	8,580,231	7,805,201	-9.0
Wheat	5,888,505	3,839,037	3,292,138	4,449,324	4,664,582	2,124,938	1,622,571	-23.6
Coarse Grains	7,738,137	7,038,717	5,722,597	5,736,599	5,000,596	2,270,454	1,845,369	-16.7
Rice	971,123	801,527	753,557	728,072	771,312	314,011	423,791	35.0
Soybeans	3,942,488	3,549,508	3,958,443	4,380,402	4,598,746	2,194,970	1,833,402	-18.5
Cotton	2,268,501	2,798,495	2,491,999	2,010,338	1,540,878	771,830	1,122,239	45.4
Tobacco	1,301,173	1,441,118	1,427,631	1,650,559 *	1,306,067	820,518	881,457	6.6
Pulses	296,404	353,111	268,414	191,858	213,254	82,734	68,836	7.1
Peanuts	192,870	203,373	180,304	240,308	204,578	82,983	59,105	-28.6
Other Bulk Commodities	214,275	209,199	255,304	301,989	293,845	118,018	146,811	25.9
Intermediate Agricultural Total	8,645,875	8,573,907	8,789,224	9,231,134 *	8,973,468	3,898,188	3,891,877	-0.2
Wheat Flour	257,937	182,958	184,258	184,317	205,729	110,818	94,310	-14.9
Soybean Meal	1,212,295	1,005,103	1,155,307	1,294,722	1,132,041	569,401	426,393	-25.1
Soybean Oil	358,723	312,930	222,126	376,202	363,897	151,300	154,725	2.3
Other Vegetable Oils	423,994	394,790	418,144	502,732	543,897 *	228,893	230,888	0.8
Feeds & Fodders (excl. pet foods)	1,596,995	1,572,369	1,605,732	1,722,327	1,744,163 *	760,696	738,456	-2.9
Live Animals	490,501	513,783	686,563 *	607,891	518,927	189,602	196,592	15.9
Hides & Skins	1,696,164	1,729,731	1,357,570	1,326,054	1,268,658	541,772	593,918	9.6
Animal Fats	510,153	428,729	426,824	515,214	501,702	205,862	216,297	5.1
Planting Seeds	510,214	588,723	671,655	675,011 *	619,359	309,908	309,897	-0.1
Sugars, Sweeteners & Bever. Bases	409,198	572,052	634,101	573,921	567,807	214,656	269,030	25.3
Other Intermediate Products	1,179,702	1,272,743	1,426,946	1,452,744	1,507,288 *	635,281	661,769	4.2
Consumer-Oriented Agricultural Total	8,379,789	10,465,615	11,967,920	13,895,994	14,911,318 *	5,830,938	8,432,017	10.3
Snack Foods (excluding nuts)	364,429	530,125	833,040	829,679	1,024,843 *	380,003	416,218	9.5
Breakfast Cereals & Pancake Mix	91,881	157,882	216,802	219,762	252,993 *	104,587	118,901	11.8
Red Meats, Chilled/Frozen	2,213,602	2,394,495	2,660,287	3,112,381 *	3,055,222	1,210,841	1,302,038	7.5
Red Meats, Prepared/Preserved	100,638	135,998	165,101	181,562	220,038 *	76,338	94,590	23.9
Poultry Meat	509,426	672,888	817,913	928,484	1,100,813 *	391,082	589,905	45.7
Dairy Products	430,741	328,053	482,956	793,754	857,487 *	339,419	307,337	-9.5
Eggs & Products	90,885	101,979	143,367	139,234	139,438	54,635	81,907	13.3
Fresh Fruit	1,134,657	1,488,489	1,561,053	1,683,344	1,707,147 *	641,788	723,382	12.7
Fresh Vegetables	356,015	728,648	832,935	899,624	985,953 *	477,986	437,569	-8.5
Processed Fruit & Vegetables	1,003,616	1,246,753	1,394,490	1,558,121	1,639,583 *	641,735	645,597	0.6
Fruit & Vegetable Juices	291,248	375,497	385,414	461,017	469,517 *	202,800	207,396	2.3
Tree Nuts	683,332	801,120	867,704	928,531	998,246 *	316,706	416,407	31.5
Wine and Beer	206,095	266,202	315,758	389,181	379,301 *	147,090	185,187	25.9
Nursery Products & Cut Flowers	104,887	186,741	201,442	201,321	209,397 *	107,728	97,520	-9.5
Pet Foods, Dog/Cat	175,539	244,038	329,772	399,630	497,621 *	193,288	222,319	15.0
Other Consumer-Oriented Products	622,997	808,706	979,907	1,190,410	1,374,116 *	544,931	627,747	15.2
Wood Products Total	6,013,514	6,481,227	6,429,179	6,741,685	7,281,313 *	3,217,718	2,861,391	-11.1
Logs	2,368,026	2,388,921	2,074,432	2,140,010	2,489,560 *	1,198,759	911,284	-24.0
Lumber	2,040,251	2,127,895	2,203,353	2,322,491	2,449,643 *	1,049,083	1,028,063	-2.0
Plywood & Panel Products	642,703	769,983	735,227	847,867	906,397 *	376,767	389,903	3.5
Other Wood Products	962,534	1,194,428	1,416,167	1,431,317	1,435,714 *	593,109	532,141	-10.3
Fish & Seafood Products Total (Edible)	2,283,151	2,776,759	3,035,383	3,353,935 *	2,959,086	1,179,632	1,137,943	-3.5
Salmon, Whole/Eviscerated	729,294	666,582	436,975	681,663	583,060	61,395	39,442	-35.8
Salmon, Canned	89,744	104,276	133,644	154,401	160,416 *	59,700	53,273	-10.8
Crab & Crabmeat	253,674	363,251	431,411	448,050 *	417,660	295,181	249,696	-15.4
Surimi (fish paste)	N/A	N/A	N/A	367,627 *	274,322	119,497	119,121	-0.3
Roe & Urchin	263,246	289,458	389,031	421,396 *	415,319	175,642	178,428	1.6
Other Edible Fish & Seafood Products	947,192	1,353,193	1,644,322 *	1,280,798	1,108,309	468,218	497,983	6.4
Agricultural Product Total	39,838,921	39,271,805	39,105,530	42,814,378	42,478,240	18,309,355	18,129,095	-1.0
Agricultural, Fish & Wood Product Total	48,135,586	48,529,591	48,570,092	52,909,996 *	52,718,639	22,706,705	22,128,429	-2.5

Note: (*) Highest export level since at least 1970.

N/A = not available.

U.S. Agricultural, Fish & Wood Product Exports by Major Commodity Group

Monthly and Annual Performance Indicators

Export Values	May			October–May			Fiscal Year		
	1993	1994	Change	FY '93	FY '94	Change	1993	1994(f)	Change
	–\$Billion–			–\$Billion–			–\$Billion–		
Grains and Feeds 1/	1.123	1.031	–8%	10.227	9.325	–9%	14.332	13.1	–9%
Wheat & Flour	0.398	0.330	–17%	3.532	2.929	–17%	4.954	4.2	–15%
Rice	0.062	0.086	39%	0.519	0.632	22%	0.768	1.0	30%
Coarse Grains 2/	0.381	0.289	–24%	3.777	3.258	–14%	5.094	4.3	–16%
Corn	0.324	0.216	–33%	3.092	2.708	–12%	4.251	3.7	–13%
Feeds & Fodders	0.178	0.197	11%	1.504	1.557	4%	2.196	2.2	0%
Oilseeds and Products	0.467	0.424	–9%	5.752	5.287	–8%	7.371	6.8	–8%
Soybeans	0.220	0.194	–12%	3.692	3.323	–10%	4.606	4.1	–11%
Soybean Cakes & Meals	0.102	0.076	–25%	0.914	0.756	–17%	1.146	0.9	–21%
Soybean Oil	0.035	0.035	1%	0.242	0.282	16%	0.327	0.3	–8%
Other Vegetable Oils	0.041	0.057	39%	0.344	0.393	14%	0.496	NA	NA
Livestock Products	0.508	0.530	4%	3.915	4.097	5%	5.886	6.1	4%
Red Meats	0.278	0.277	0%	1.981	2.069	4%	3.052	3.1	2%
Hides, Skins & Furs	0.114	0.118	3%	0.846	0.896	6%	1.271	1.3	2%
Poultry Products	0.115	0.157	37%	0.854	1.104	29%	1.315	1.6	22%
Poultry Meat	0.089	0.130	47%	0.639	0.887	39%	0.994	NA	NA
Dairy Products	0.070	0.050	–28%	0.595	0.582	–2%	0.891	0.9	1%
Unmanufactured Tobacco	0.117	0.141	21%	1.078	0.982	–9%	1.443	1.2	–17%
Cotton and Linters	0.126	0.285	126%	1.153	1.507	31%	1.538	2.5	63%
Planting Seeds	0.030	0.028	–8%	0.536	0.492	–8%	0.664	0.6	–10%
Horticultural Products	0.680	0.744	9%	4.874	5.273	8%	7.299	7.9	8%
Sugar & Tropical Products	0.118	0.159	35%	1.131	1.309	16%	1.715	1.8	5%
Wood Products 4/	0.687	0.612	–11%	4.943	4.575	–7%	7.293	NA	NA
Fish and Seafood Products 4/	0.188	0.203	8%	1.720	1.710	–1%	2.928	NA	NA
Total Agriculture	3.353	3.550	6%	30.116	29.959	–1%	42.454	42.5	0%
Total Agriculture, Fish & Wood	4.228	4.365	3%	36.778	36.244	–1%	52.675	NA	NA

Export Volumes	–MMT–			–MMT–			–MMT–		
			Change			Change			Change
Grains and Feeds 1/	8.095	6.266	–23%	74.977	60.913	–19%	104.149	NA	NA
Wheat	2.845	2.255	–21%	25.342	21.304	–16%	36.081	31.0	–14%
Wheat Flour	0.104	0.066	–37%	0.802	0.669	–17%	1.067	1.0	–6%
Rice	0.236	0.188	–20%	1.726	1.724	–0%	2.713	2.6	–4%
Coarse Grains 2/	3.651	2.460	–33%	37.347	27.446	–27%	50.100	37.1	–26%
Corn	3.098	1.833	–41%	30.591	22.690	–26%	41.766	31.0	–26%
Feeds & Fodders	1.061	1.064	0%	8.203	8.221	0%	11.885	11.9	0%
Oilseeds and Products	1.804	1.368	–24%	23.642	18.487	–22%	29.408	23.5	–20%
Soybeans	0.945	0.749	–21%	16.678	12.914	–23%	20.400	16.1	–21%
Soybean Cakes & Meals	0.530	0.375	–29%	4.552	3.573	–22%	5.653	4.4	–22%
Soybean Oil	0.070	0.051	–28%	0.485	0.452	–7%	0.644	0.5	–22%
Other Vegetable Oils	0.069	0.074	7%	0.583	0.555	–5%	0.824	NA	NA
Livestock Products 3/	0.223	0.267	20%	1.900	1.923	1%	2.811	NA	NA
Red Meats	0.080	0.088	10%	0.588	0.658	12%	0.903	1.0	11%
Poultry Products 3/	0.093	0.126	36%	0.649	0.910	40%	1.012	NA	NA
Poultry Meat	0.090	0.123	37%	0.624	0.884	42%	0.974	1.2	23%
Dairy Products 3/	0.044	0.046	2%	0.399	0.467	17%	0.467	NA	NA
Unmanufactured Tobacco	0.017	0.022	30%	0.177	0.151	–15%	0.231	NA	NA
Cotton & Linters	0.094	0.190	101%	0.870	1.117	28%	1.163	1.6	38%
Planting Seeds	0.073	0.024	–67%	0.473	0.370	–22%	0.556	NA	NA
Horticultural Products 3/	0.441	0.465	5%	5.951	6.090	2%	6.090	6.8	12%
Sugar & Tropical Products 3/	0.107	0.094	–12%	1.102	0.910	–17%	0.910	NA	NA
Total Agriculture 3/	10.99	8.87	–19%	110.14	91.34	–17%	146.80	123.9	–16%

Notes: 1/ Includes pulses, corn gluten feed and meal; 2/ includes corn, oats, barley, rye and sorghum;

3/ includes only those items measured in metric tons; 4/ items not included in agricultural product totals.

FY 1994 forecasts (f) are based on USDA's "Outlook for Agricultural Exports," published May 27, 1994.

U.S. Agricultural Export Value by Region
Monthly and Annual Performance Indicators

	May			October–May			Fiscal Year		
	1993	1994		FY '93	FY '94		1993	1994(f)	
	–\$Billion–		Change	–\$Billion–		Change	–\$Billion–		Change
Western Europe	0.455	0.488	7%	5.895	5.276	–10%	7.439	7.2	–3%
European Union 1/	0.408	0.449	10%	5.566	4.935	–11%	6.964	6.5	–7%
Other Western Europe	0.047	0.038	–17%	0.329	0.341	4%	0.475	0.5	5%
Eastern Europe	0.040	0.020	–50%	0.366	0.231	–37%	0.465	0.4	–14%
Former Soviet Union	0.222	0.067	–70%	1.120	1.161	4%	1.435	1.5	5%
Asia	1.234	1.548	25%	10.871	11.992	10%	15.866	16.5	4%
Japan	0.715	0.803	12%	5.654	6.379	13%	8.430	9.2	9%
China	0.040	0.121	202%	0.254	0.401	58%	0.317	0.5	58%
Other East Asia	0.369	0.383	4%	3.372	3.537	5%	4.932	5.0	1%
Taiwan	0.135	0.143	6%	1.365	1.492	9%	1.998	2.2	10%
South Korea	0.159	0.144	–9%	1.399	1.352	–3%	2.041	1.9	–7%
Hong Kong	0.075	0.096	28%	0.597	0.692	16%	0.878	0.9	3%
Other Asia	0.111	0.242	119%	1.591	1.675	5%	2.187	2.0	–9%
Pakistan	0.001	0.037	2814%	0.171	0.191	12%	0.236	0.3	27%
Philippines	0.030	0.050	68%	0.375	0.375	0%	0.511	0.5	–2%
Middle East	0.117	0.134	15%	1.321	1.171	–11%	1.856	1.9	2%
Israel	0.019	0.032	66%	0.251	0.251	–0%	0.363	0.4	10%
Saudi Arabia	0.024	0.038	57%	0.317	0.333	5%	0.429	0.5	17%
Africa	0.184	0.118	–36%	1.926	1.472	–24%	2.593	2.3	–11%
North Africa	0.126	0.068	–46%	1.147	0.988	–14%	1.587	1.6	1%
Egypt	0.048	0.029	–39%	0.518	0.371	–28%	0.727	0.6	–17%
Algeria	0.041	0.028	–30%	0.310	0.444	43%	0.428	0.7	64%
Sub–Saharan Africa	0.058	0.050	–14%	0.779	0.483	–38%	1.006	0.8	–20%
Latin America	0.532	0.625	17%	4.595	4.732	3%	6.813	7.0	3%
Mexico	0.309	0.379	23%	2.449	2.606	6%	3.621	3.9	8%
Other Latin America	0.224	0.246	10%	2.146	2.126	–1%	3.192	3.1	–3%
Brazil	0.011	0.009	–23%	0.169	0.162	–4%	0.231	0.2	–13%
Venezuela	0.034	0.035	5%	0.365	0.299	–18%	0.498	0.4	–20%
Canada	0.500	0.487	–3%	3.458	3.420	–1%	5.202	5.3	2%
Oceania	0.039	0.042	10%	0.289	0.334	15%	0.453	0.5	10%
World Total	3.354	3.550	6%	30.116	29.960	–1%	42.454	42.5	0%

Notes: 1/ Formerly known as the European Community (EC–12).

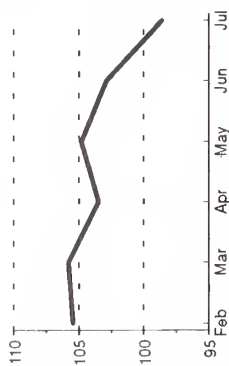
FY 1994 forecasts are based on USDA's "Outlook for U.S. Agricultural Exports," published May 27, 1994.

Exchange Rate Movements Of Major World Currencies Vis-a-Vis U.S. Dollar -- Daily Spot Quotations & Monthly Averages

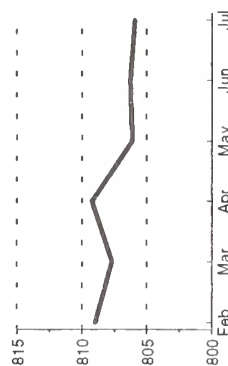
Currencies	Current Rate 7/14/94	Month Ago 6/14/94	Year Ago 7/93	% Change Year Ago 7/93
Japanese Yen				
South Korean Won				
Canadian Dollar				
Mexican Peso				
Hong Kong Dollar				
European ECU				
-British Pound				
-French Franc				
-German Mark				
Argentine Peso	.99	.99	.99	0.00
Australian Dollar	1.3578	1.4832	1.4765	-8.04
Brazilian Cruzeiro real	.93	.66	.58	60.34
Canadian Dollar	1.3810	1.2817	1.2832	7.62
Hong Kong Dollar	7.7255	7.7300	7.7565	-0.40
Japanese Yen	98.57	106.36	107.30	-8.14
Mexican Peso	3.3985	3.1215	3.1285	8.63
Taiwan Dollar	26.66	25.91	26.29	1.41
South Korean Won	805.90	799.40	805.90	0.00
European ECU	.81374	.84165	.88036	-7.57
-British Pound	.6414	.4485	.6656	-3.64
-French Franc	5.3365	5.477	5.7743	-7.58
-German Mark	1.5560	1.6428	1.7160	-9.32

NOTE: Exchange rates are daily spot quotes as of 3:00 PM Eastern Time, July 14, 1994.
Source: TEAD/ITP/FAS Exchange Rate Database and Wall Street Journal.

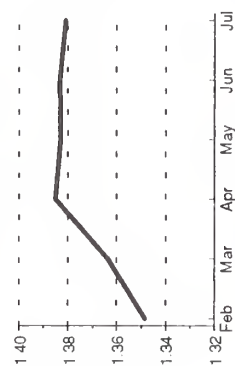
Japanese Yen



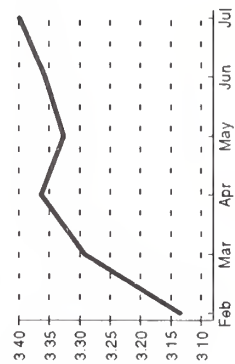
South Korean Won



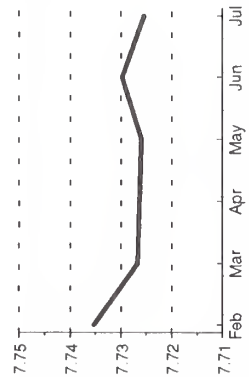
Canadian Dollar



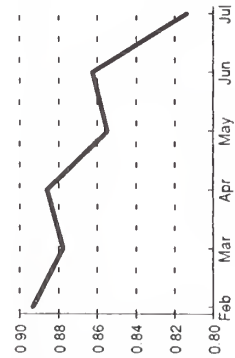
Mexican Peso



Hong Kong Dollar



European ECU



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